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FISCAL IMPACT STATEMENT

LS 7429

BILL NUMBER: SB 497

NOTE PREPARED: Apr 13, 2011

BILL AMENDED: Apr 12, 2011

SUBJECT: Higher Education Scholarship.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR: Rep. Behning

BILL STATUS: As Passed House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides an Early Graduation Scholarship to a student who graduates from high school before grade 12. It requires the State Board of Education to amend its rules to facilitate graduation from high school in less than seven semesters. It allows a student to participate in an early college, a dual credit, a double up for college, or a dual enrollment program during any grade in high school.

The bill requires the Department of Education (DOE) to report early graduation scholarship student information to the State Student Assistance Commission (SSACI). It also requires the DOE to transfer tuition support to SSACI for early graduation scholarship students that are accepted at a higher education institution. It provides for the payment of the scholarship by SSACI to the higher education institution from these transfers. It permits a higher education scholarship to be used for fees, books, supplies, and equipment required for courses of instruction.

The bill also provides that the unused balance of a scholarship shall be applied to educational costs incurred in a subsequent school year. It provides for the recovery of an unused scholarship.

Effective Date: Upon passage; July 1, 2011.

Explanation of State Expenditures: (Revised) The bill provides a Early Graduation Scholarship to each high school student that graduates a year early. The scholarship would be equal to the amount allocated to a student not on free or reduced lunch in a given year. This amount would be reduced by the DOE if the total amount of basic tuition support was reduced. The student would have to complete the necessary courses by Grade 11, apply for the grant, and enroll in an approved postsecondary education institution. The impact

would depend on the number of students that might choose to graduate early. The amount of scholarships granted would be deducted from the state tuition support appropriation and transferred to SSACI each year.

The bill requires school corporations to submit the name of the student who graduated at the end of the 11th grade to DOE. DOE is to submit the information from the school along with other necessary information to SSACI. When the student applies to an approved educational institution, the institution is to notify SSACI that the student is attending their school. The scholarship is to be paid by SSACI to the institution to be applied to outstanding tuition and fees. SSACI is required to notify DOE each fiscal year of the amount of scholarships granted, and DOE will deduct the amount of the scholarships from the tuition support appropriation. DOE is to transfer the amount of the scholarships to SSACI. The estimated amount of the scholarship is built into future DOE tuition support budget requests.

Any amount of the scholarship not used by the student in the current year would be applied to the following year's tuition. If the student transfers to another approved postsecondary education institution, the former institution shall transfer the unused amount of the scholarship to the current institution. If the student ceases to be in good standing, the balance of any unused scholarship shall be returned to SSACI.

During the 2009-2010 school year, there were about 77,900 11th grade students and 73,000 12th grade students. (There are about 4,200 to 5,500 11th graders that do not become 12th grade students per each age cohort.) Based on the scholarship amount for 2011 (\$4,505 before any DOE authorized reduction), for every 300 students that may qualify (about 0.4% of 11th grade students), the cost of the scholarships in 2011 would be approximately \$1.4 M. The tuition support distribution would be reduced by this amount minus any reduction determined by DOE.

If students graduate early, then the student would not be counted in the ADM of the school corporation the following year. There could be a reduction in the tuition support the state provides to local schools depending on the school formula in effect at the time. The funding per student would depend on the school formula, but the 2011 average regular school formula funding per student is about \$5,336 per student. Schools would have received between \$1,463 to \$8,880 less tuition support funding for CY 2011 for the loss of one student in the formula. The savings to the state would be equal to the reduction to local schools minus the amount of scholarship funds transferred to SSACI.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected: State Student Assistance Commission; Department of Education.

Local Agencies Affected: School Corporations.

Information Sources: Department of Education databases.

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